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Conectiv and its family of businesses, including Conectiv Power Delivery (trade name for Atlantic Electric and Delmarva Power – electric and gas delivery), Conectiv Energy, Conectiv Solutions, Conectiv Services, Conectiv Communications and Conectiv Thermal Systems, are prepared to welcome the Year 2000.

Our Year 2000 Project Team, including representatives from across Conectiv, has worked diligently since 1996, to identify, analyze, correct, report on and plan contingencies around potential Y2K computer issues.

Overall, Conectiv's Year 2000 Project covers more than 1,000 different systems (some with numerous components). However, only 21 of those systems are "mission critical" for Conectiv to provide vital services to our one million customers.

The Year 2000 Project Team has focused on these 21 critical areas, with additional work on the other systems continuing based on their relative importance to Conectiv's various businesses.

In addition to our internal efforts, Conectiv also is working with suppliers and customers, regional utilities and industry trade groups. Contingency plans have been developed for each of our lines of business, built on existing plans and our years of experience in outage response.

Our mission is to ensure a smooth transition to the Year 2000 and to continue to provide safe and reliable electricity, gas, telecommunications and energy-related products and services to our customers well into the 21st century.

Y2K READINESS

Conectiv met the electric industry's June 30 target date to have substantially all "mission critical systems" – those necessary to provide vital services to customers – Year 2000 ready.

"Year 2000 ready" means that a company's computer systems have been tested – and, where necessary, replaced or repaired – to function reliably into the 21st century.

On August 3, the North American Electric Reliability Council (NERC) listed Conectiv among 251 electric utilities that now meet the council's criteria for Y2K readiness.

"More than 99 percent of all the critical elements of the U.S. and Canadian supply systems are ready for Y2K," NERC reported to the U.S. Department of Energy. "If New Year's Day 2000 was tomorrow, we believe the lights would remain on in North America."

Conectiv is among electric utilities approved by NERC as "Y2K ready with limited exceptions." The exceptions do not pose a measurable risk to reliable electric operations and will be resolved before the Year 2000 rollover date. They include:

- Two units (about 5% of Conectiv's generating capacity) scheduled for final testing in September;
- Production status for the new Energy Management System, already up and running in New Jersey and operating in parallel with the Delmarva system it will replace.
- New Conectiv Customer Care system, being phased in over the summer and fall, in part to incorporate latest regulatory rulings.

As part of Conectiv's Year 2000 strategy, computer clocks at the Hay Road Power Plant in Wilmington were advanced through the century date change to determine the success of "Y2K fixes." The plant operated for two months, through the critical Feb. 29, 2000 leap year date, without a hitch. Operations at the Edge Moor Power Plant have been set ahead to 2001, and by year's end all generating plants on the Conectiv system will be operating at various dates in the 21st century. (Dates will be reset after the Feb. 29, 2000 leap year date.)

Distribution of electricity is dependent on the overall reliability of the electric grid. Conectiv is actively involved with the North American Electric Reliability Council and the PJM Interconnection in Year 2000 testing, remediation and contingency planning efforts. We are participating in nationwide electric industry drills. Conectiv also is conducting internal drills to make sure all systems and personnel are ready for the millennium milestone. None of these drills affects customers.

Conectiv does not anticipate interruption of any vital services to customers due to Y2K. We expect next January 1 will be like any other day. But, just like any other day, we cannot guarantee that there will not be a power outage. It is, however, far more likely to be weather-related or the result of an automobile/pole mishap than anything to do with Y2K.

Although we don't expect any more outages than on the average day, Conectiv will have contingency plans in place, including extra staff on duty, to handle any situation that might arise. We are coordinating with local emergency management agencies. And if, despite our best efforts, there is a Y2K-related outage? We would expect any such

interruption to be isolated and of short duration (a matter of hours, as opposed to days.)

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CONTINGENCY PLANS

Contingency plans have been developed for each of Conectiv's businesses, focused on 21 mission critical systems, and based on existing plans and our years of experience in outage restoration. These plans have been customized to cover potential Y2K-related situations.

For instance, Conectiv will stockpile extra coal and fuel oil as a contingency against an interruption in transportation service. We also have back-up communications systems in case phones are out.

We are meeting with major customers to ensure a balance between electric supply and demand over the critical dates. (On our side is the fact that Y2K coincides with a long holiday weekend, when demand is typically lower.)

In addition, the electric industry nationwide plans to have 50 percent more generation available as "spinning reserve", to offset any plant shutdowns.

Conectiv is coordinating plans with local emergency management agencies. We will have extra staff on duty over the critical hours to handle any situation that might arise.

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CONSUMER TIPS: Preparing for Y2K

Although Conectiv does not anticipate any Y2K-related service interruptions, we encourage customers to be prepared for a power outage at any time, due to summer or winter storms, traffic accidents involving utility poles or animal damage to equipment.

Here's a checklist of recommended items for your home or business:

- Radio and flashlights with fresh batteries
- Candles (with matches)
- Bottled water (2 gallons per person)
- Dry foods (crackers and cereal) and canned foods (no cooking required)
- Phone (with a cord) to call and report outages
- LP gas or charcoal for outside cooking, if desired

In addition, for winter storms :

- Extra blankets and sleeping bags
- Extra firewood, coal or alternate fuel
- Small amount of cash
- Prescription refills
- Preventive measures to avoid frozen pipes

Be an informed citizen. Do not panic. Operate as you normally would.

Conectiv appreciates your interest in this important issue. If you would like more information, you can read the periodic reports we file with the Securities and Exchange Commission. You can access these reports via the investor information link on our Web page.

In addition, as new information becomes available, we'll update customers through this Web site and our Y2K information line at 1-800-330-5092.

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OTHER ENERGY-RELATED Y2K WEB SITES

North American Electric Reliability Council

www.nerc.com

Electric Power Research Institute

<http://year2000.eprweb.com>

Edison Electric Institute

www.eei.org/EEI/press/y2k

Nuclear Regulatory Commission

www.nrc.gov

American Gas Association

www.againc.org/naturalgas/y2k

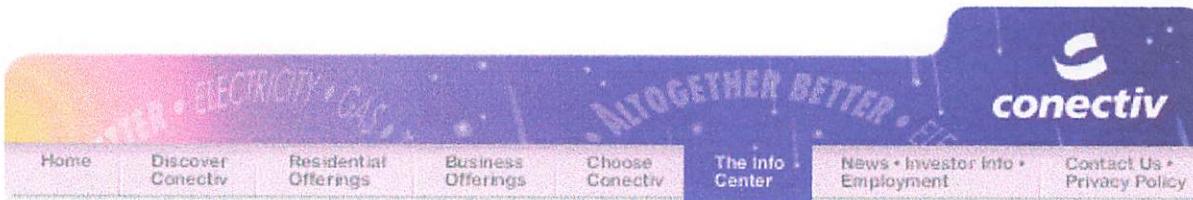
President's Council on Year 2000 Conversion

www.y2k.gov

Year 2000 Information Center, news archive

www.year2000.com/y2karticles.html

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FAQ

Q: Is Conectiv ready for the Year 2000?

A: Yes. The plan was developed in 1996.

Q: Will I have electric and gas service on January 1, 2000?

A: Yes. On Aug. 3, 1999, the North American Electric Reliability Council listed Conectiv among 251 electric utilities that now meet the Council's criteria for Year 2000 readiness.

Q: What does "Y2K Ready" mean?

A: Y2K Ready means a system, component, or application has been determined to be suitable for continued use into the Year 2000.

Q: How much will Conectiv spend on Y2K?

A: Conectiv estimates it will cost between \$10 million and \$15 million to be ready for the Year 2000. (Other work, being done for independent business reasons, has also resolved Y2K issues but is not included in the Y2K budget.)

Q: Will my rates go up to pay for the work?

A: There are no plans for a rate increase associated with Y2K work.

Q: Can you guarantee I will have electricity and gas on January 1, 2000?

A: We expect next January 1 will be like any other day. But, just like any other day, we cannot guarantee that there will not be an interruption in service. It is, however, far more likely to be weather-related or the result of a traffic mishap than anything to do with Y2K.

Q: What precautions can I take to help ensure my lights will stay on?

Q: Should I try to reduce my power usage?

A: We are encouraging consumers to operate as they normally would over the holiday weekend. One key to a smooth transition is a balance between electric supply and demand.

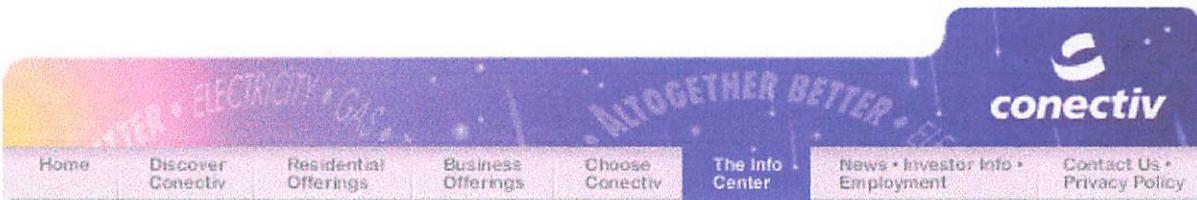
Q: Should I buy a generator?

A: Conectiv and the electric industry in general are not recommending that customers buy generators because of Y2K. It is, however, up to you to determine what you need to feel safe and secure, particularly in light of any special personal, medical or business requirements.

If you intend to operate an emergency generator at any time, for everyone's safety you should use the proper protective devices to isolate your wiring from the Conectiv system. These devices should be installed by a licensed electrical contractor and approved by the electrical inspector in your community.

Q: Who is responsible for overseeing Conectiv's Y2K readiness?

A: Conectiv has a dedicated team of engineering and information technology experts who meet regularly to access Year 2000 preparations and report to senior management. The North Atlantic Electric Reliability Council is charged by the U.S. Department of Energy with monitoring Year 2000 efforts in the electric industry nationwide. The American Gas Association oversees the gas industry. Conectiv reports regularly to NERC, the Securities Exchange Commission and public utility regulators in our service territories (Delaware, Maryland, Virginia and New Jersey). We also are coordinating efforts with the PJM Interconnection, of which we are a member utility.



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Progress Update

Conectiv is placing its top priority on addressing those areas that affect continuing operations and customer response.

As of September 30, 1999, an overall total of 98 percent of Y2K tasks had been completed with respect to mission critical items. The rest will be completed well ahead of the Jan. 1, 2000 rollover date.